

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 PA-01 PRS-01

USIA-06 XMB-02 OPIC-03 /092 W
----- 021675

R 141250Z JAN 75

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 1974

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

ZNE/AMCONSUL SALVADOR

AMCONSUL BELEM

AMCONSUL PORTO ALEGRE

AMCONSUL RECIFE

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E.O. 11652: N/A

TAGS: ENRGBR

SUBJECT: CAMPOS OIL FIND

REF: RIO 0119

SUMMARY: PETROBRAS HAS ANNOUNCED ESTIMATED PARTIAL RESERVES OF GAROUPA AND PARGO STRUCTURES, BASED ON TWO DRILLINGS TO DATE. U.S. PETROLEUM GEOLOGIST, WHO HAS DISCUSSED CAMPOS WITH PETROBRAS AND OTHER INDUSTRY SOURCES, BELIEVES THAT TOTAL COMBINED RESERVES OF BOTH FIELDS MAY BE AS MUCH AS ONE BILLION BARRELS. EMBASSY BRASILIA CONCURS THIS MESSAGE. END SUMMARY.

1. LOCAL PRESS REPORTS THAT, ACCORDING TO PETROBRAS
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"TECNICOS", FIRST WELL DRILLED AT GAROUPA STRUCTURE

INDICATES RESERVES OF 10.6 MILLION BARRELS FOR ONE-KILOMETER AREA SURROUNDING WELL. INITIAL WELL DRILLED AT PARGO STRUCTURE 20 KM. AWAY INDICATES RESERVE OF 44 MILLION BARRELS (IT IS UNCLEAR WHETHER THIS TOO REFERS TO A ONE-KM. AREA). SIZE OF GAROUPA HAS BEEN REPORTED TO BE ABOUT 40 SP. KM. AND PARGO 9 SP. KM.

2. VISITING PETROLEUM GEOLOGIST FROM MAJOR U.S. OIL COMPANY WHO HAS BEEN FOLLOWING DEVELOPMENTS IN BRAZIL FOR 18 YEARS, INCLUDING FOUR YEARS WORKING FOR PETROBRAS, DISCUSSED CAMPOS DISCOVERY WITH US JANUARY 8. HE HAD CALLED PREVIOUS DAY ON OLD COLLEAGUE HAROLDO RAMOS DA SILVA, NOW PETROBRAS DIRECTOR OF EXPLORATION AND PRODUCTION. SILVA REPORTEDLY STATED THAT PRESS ACCOUNTS CITED PARA. 1 WERE ACCURATE AND THAT PETROBRAS BELIEVES OIL PROBABLY IS CONTAINED THROUGHOUT GAROUPA AND PARGO STRUCTURES. HE SAID THAT TWO ADDITIONAL DRILL RIGS ARE ON THEIR WAY TO CAMPOS FROM U.S. TO SUPPLEMENT WORK OF TWO RIGS ALREADY IN OPERATION. (SILVA MENTIONED THAT A TOTAL OF 16 RIGS ARE PRESENTLY WORKING OFF-SHORE OF BRAZIL.) SILVA SAID TWO PLATFORMS COSTING \$50 MILLION HAVE BEEN ORDERED AND THAT PETROBRAS WAS LOOKING AT CONCRETE STORAGE CONTAINERS SUCH AS ONE MILLION BARREL TANK PHILIPS HAS IN NORTH SEA ECOFISK FIELD.

3. U.S. GEOLOGIST ALSO CALLED ON OTHER OLD FRIENDS AT PETROBRAS AND ON US. GEOPHYSICAL COMPANY WHICH WORKS UNDER CONTRACT WITH PETROBRAS. AS RESULT OF HIS DISCUSSIONS THIS WEEK, HE IS CONVINCED THAT CAMPOS IS A MAJOR DISCOVERY, ALTHOUGH IT COULD TAKE AS LONG AS 10 YEARS TO MEASURE ALL TEN STRUCTURES IN THE BASIN. IN MEANTIME, HE SAID, "ANY OIL COMPANY" WOULD BE DELIGHTED TO HAVE WHAT PETROBRAS INDICATES IT HAS. HE BELIEVES THAT SILVA PROBABLY HELD BACK A LITTLE AND RELEASED CONSERVATIVE FIGURES TO PRESS ON GAROUPA AND PARGO. U.S. GEOLOGIST THINKS THAT COMBINED RESERVES COULD APPROACH ONE BILLION BARRELS. USING PETROLEUM GEOLOGIST'S RULE OF THUMB, HE ESTIMATES THAT HALF OF EIGHT REPORTED SIMILAR STRUCTURES MAY CONTAIN OIL. HE SAID LIMITED OFFICIAL USE

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THAT ALTHOUGH STRIKE AT GAROUPA WAS MADE AFTER A DOZEN PREVIOUS FAILURES, INFORMATION COMPILED WOULD BE HIGHLY USEFUL IN CURRENT DRILLING PROGRAM. (HE SAID SILVA REMARKED THAT SOME INDICATIONS OF OIL WERE IN FACT FOUND IN A FEW OF THE EARLY WELLS, WHICH WAS ONE REASON PETROBRAS PRESSED ON; ALSO SEE BRASILIA 9265.) FACT THAT OIL WAS FOUND IN SANDSTONE AND IN REASONABLY SHALLOW WATER AT PARGO IS IMPORTANT. U.S.

GEOLOGIST DOUBTS, HOWEVER, THAT PETROBRAS WILL BE ABLE
TO PUT EITHER PARGO OR GAROUPA INTO PRODUCTION IN LESS
THAN FIVE YEARS BECAUSE OF CURRENT EQUIPMENT SHORTAGES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM CONCESSIONS, EXPLORATORY DRILLING, OIL FIELDS, PETROLEUM RESERVES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975RIODE00121
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750013-1177
From: RIO DE JANEIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750153/aaaabutl.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 RIO 0119
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by BoyleJA>; APPROVED <04 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CAMPOS OIL FIND
TAGS: ENRG, BR, PETROBRAS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006